



PUBLIC SECTOR

# Certification of grants and returns 2009/10

Rotherham Metropolitan Borough Council

February 2011

AUDIT

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## Headlines

<p><b>Introduction &amp; background</b></p>	<p><b>This report summarises the results of work on the certification of the Council's 2009/10 grant claims and returns</b></p> <ul style="list-style-type: none"> <li>For 2009/10 we certified             <ul style="list-style-type: none"> <li>38 grants with a total value of £24.5m.</li> <li>six returns with a total value of £175m.</li> </ul> </li> </ul>	<p>-</p>
<p><b>Certification results</b></p>	<p><b>We issued unqualified certificates for all 44 grants and returns. This compared to no qualifications from 37 grants and returns in 2008/09</b></p>	<p><b>Pages 3 – 4</b></p>
<p><b>Audit adjustments</b></p>	<p><b>Eleven adjustments were necessary to the Council's grants and returns as a result of our certification work this year:</b></p> <ul style="list-style-type: none"> <li>Yorkshire Forward Single Programme – adjustments were made to five of the claims due to inaccuracies on the statement of grant expenditure and a small number of ineligible expenditure claims.</li> <li>Housing and Council Tax Benefit – various credit and debit amendments were made to the return, but the net effect was zero, meaning there was no impact on the value of the subsidy.</li> <li>Housing Subsidy – fields F002CI and F003CI were amended, but there was no monetary impact on the return.</li> <li>South Yorkshire Inward Investment 2006/07 – the claim was reduced by £20,959 to £42,548.</li> <li>Magna BIC – adjustments were made to the claim, leading to a decrease in eligible expenditure of £56,112.</li> <li>Key Account Management – an adjustment of £1,547.50 was made to the claim.</li> <li>Alternative Provision Grant – incorrectly included an amount of £3,010 in respect of fees for developing specifications and tenders in the Capital claim which was actually an accounting estimate.</li> </ul> <p>This compares to nine of 37 claims adjusted in 2008/09.</p>	<p><b>Pages 3 – 4</b></p>
<p><b>The Council's arrangements</b></p>	<p><b>The Council has adequate arrangements for preparing its grants and returns and supporting our certification work but some improvements are required in the following areas:</b></p> <ul style="list-style-type: none"> <li>Central co-ordination and communication, especially relating to the timeliness and completeness of notification of grant claims expected [2008/09 Recommendation].</li> </ul>	<p><b>Page 6</b></p>
<p><b>Fees</b></p>	<p><b>Our overall fee for the certification of grants and returns is £99,666 which has exceeded the original estimate by £9,666. This is due to Derelict Land Grants that were not identified in the original estimate.</b></p> <ul style="list-style-type: none"> <li>This compares to fees of £111k raised in 2008/09.</li> </ul>	<p><b>Page 5</b></p>

# Summary of certification work outcomes

Overall, we certified 44 grants and returns

- 33 were unqualified with no amendment
- 3 were unqualified but required some amendment to the final figures
- 8 were unqualified with some amendments, but these did not impact the final figures

Detailed comments are provided overleaf

Detailed below is a summary of the key outcomes from our certification work on the Council's 2009/10 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
YF – All Saints Design & Demolition	1				
Magna BIC	2				
SY Inward Investment 2006/07	3				
Alternative Provision Grant					
YF – Westgate Chambers					
YF – Riverside Precinct					
YF – Lloyds Bank					
YF – Weirside Public Realm					
Housing & Council Tax Benefit					
Housing Subsidy					
Key Account Management					
Other unqualified (33)					
	<b>Total</b>	<b>0</b>	<b>3</b>	<b>8</b>	<b>44</b>

## Summary of certification work outcomes

This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page

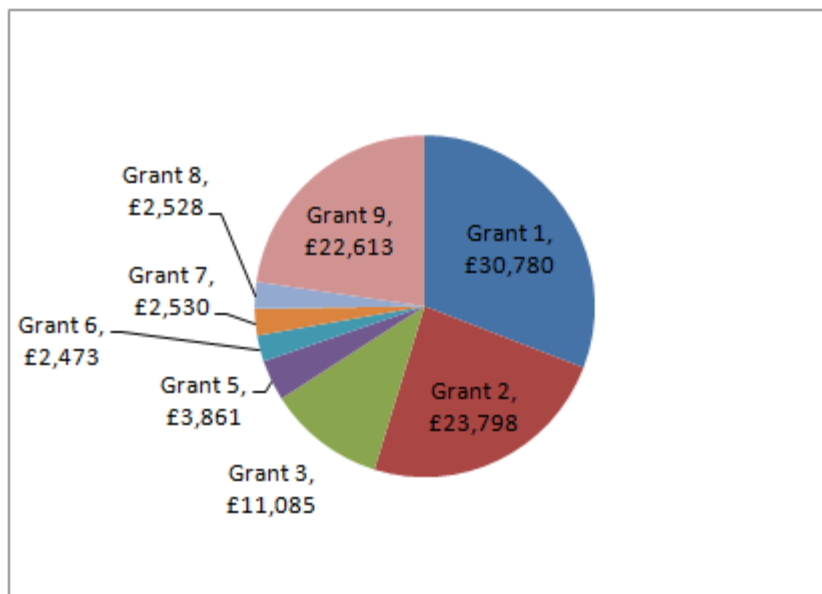
Ref	Summary observations	Amendment
1	<p><b>Yorkshire Forward – All Saints Design &amp; Demolition</b></p> <ul style="list-style-type: none"> <li>Balance due from Yorkshire Forward was amended from £29,497 to nil;</li> <li>The Council had already received the income therefore there was no balance due from Yorkshire Forward . This did not have an impact upon the eligible expenditure claimed.</li> </ul>	-29,497
2	<p><b>Magna BIC</b></p> <ul style="list-style-type: none"> <li>Eligible expenditure was incorrectly stated, which lead to grant entitlement being overstated by £56,112;</li> <li>The Council had entered the total amount spend on the project in the audit period rather than the expenditure eligible for Yorkshire Forward funding.</li> </ul>	-£56,112
3	<p><b>South Yorkshire Inward Investment 2006/07</b></p> <ul style="list-style-type: none"> <li>Only £42,584 was received as income from Yorkshire Forward, as they deemed £20,959 of expenditure to be ineligible;</li> <li>The claim was amended to reflect this change in income.</li> </ul>	-£20,959

## Fees

Our overall fee for the certification of grants and returns has exceeded the original estimate by £9,666.

This is due to Derelict Land Grants that were not identified in the original estimate.

Breakdown of certification fees 2009/10



Breakdown of fee by grant / return	2009/10 (£)	2008/10 (£)
1) Housing and Council Tax Benefits	<b>30,780</b>	32,882
2) Yorkshire Forward Single Programme	<b>23,798</b>	29,780
3) Housing (Base Data, Subsidy & Disabled Facilities)	<b>11,085</b>	11,963
4) ERDF	<b>0</b>	19,622
5) Teachers Pension Return	<b>3,861</b>	4,210
6) Pooling of Housing Capital Receipts	<b>2,473</b>	2,755
7) NNDR	<b>2,530</b>	2,955
8) Surestart and Transport	<b>2,528</b>	6,685
9) Other (Adult Safeguarded Learning, Derelict Land and DTI Incubation)	<b>22,613</b>	0
<b>Total fee</b>	<b>99,666</b>	<b>110,852</b>

Our initial estimated fees for certifying 2009/10 grants and returns was £90,000. The actual fee charged was higher than that estimate. The reason for the fee exceeding the original estimate were the need to certify Derelict Land Grants not being highlighted to us by the Council when we prepared the original fee estimate.

We recommend the Council takes the following steps to improve its support for our certification work, which should help minimise certification fees in the future:

- improve the co-ordination of grants and returns preparation through Directorates pro-actively communicating existing grants to the Central Grants Co-ordinator on a timely basis to help ensure the completeness of the grants and returns identified as requiring certification.

# Prior year recommendations

We made one recommendation in our 2008/09 Certification of Grants and Returns report. We have detailed the current status of the recommendation below.

## Priority rating for recommendations

**1** Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.

**2** Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.

**3** Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

Issue	Implication	Recommendation	Priority	Status as at December 2010	Responsible officer & target date
<b>Central Coordination of Grant Claims</b>					
<p><b>Identification and Notification of Claims Requiring External Certification</b></p> <p>The Council needs to improve its system for notifying KPMG of claims and returns that require certification in a timely manner.</p>	<p>Late and/or incomplete identification and notification of grant claims and returns requiring external certification can lead to delayed internal completion and external certification of claims and the withholding of funding in extreme cases.</p>	<p>The Council should review and enhance its project management processes for grant claims and returns requiring external certification. This should ensure that:</p> <ul style="list-style-type: none"> <li>All grant claims and returns requiring external certification are identified and logged;</li> <li>All claims and returns are completed internally by certification deadlines;</li> <li>KPMG is advised of all claims and returns requiring certification by the end of April each year to allow KPMG to allocate resources efficiently to meet certification deadlines.</li> </ul>	<p><b>2</b></p>	<p>During the grant audit cycle for 2009/10 KPMG have noted an improvement in this area however still experienced a problem getting a complete and timely grant register.</p> <p>This has been discussed with Central Finance and procedures put in place to ensure that timely data for 2010/11 is available to the audit team.</p>	<p>Grants Co-ordinator &amp; Directorate Finance Managers</p> <p>March 2010</p>